

**Ringgit won't be pegged, says Zeti**  
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Despite the ringgit breaching the 4 per US dollar mark, Bank Negara says it still does not see a need to peg the ringgit to any other currency.

Governor Zeti Akhtar Aziz pointed out today that there have been periods when the country's currency had appreciated.

"And we appreciated much more than others. Now, with the depreciation, we are depreciating more than others.

"There's no intention of moving to a less flexible regime like pegging (the ringgit).

"The fact that we can adjust allows the rest of our economy to remain more stable," she told reporters in Kuala Lumpur today.

Zeti last week had said that there was no need to peg the ringgit when the ringgit reached the 4 per US dollar mark.

Bloomberg this morning quoted the ringgit at 4.1 per US dollar.

The ringgit has fallen 12.32 percent so far this year, making it one of the worst performing Asian currencies.

### **External developments**

Meanwhile, Zeti also pointed out that when there are external developments, three factors will be adjusting, that is; domestic crisis, aggregate demand and the exchange rate.

"So if we can't adjust the exchange rate, the other (factors) will adjust and the consequences will be worse," she said.

The governor also commented on the ringgit which has been sliding further, stating that it was a global phenomenon.

"It's a global phenomenon, we have highlighted all the global factors, from anticipation of interest rate movements by the Federal Reserve Bank.

"We have the drop also in energy prices, (and) this continues to drop, now below 50, Brent has gone below 50 dollars.

"All these factors are causing global currencies to depreciate against the US dollar," she said.

As for the country's foreign exchange reserves, which have dropped below US\$100 billion, Zeti said it was not the first time it had fallen below the US\$100 billion mark.

"We have seen it come below 100 before, (it has) gone to about 80 before.

"This is what the reserves are for. We have held more than the amount of reserves our country needs.

"Because we receive surges of in-flow, that's why reserves increase.

"... There's no issue to be concerned about because that's what the reserves are there for, to represent a buffer, to adjust during such periods," Zeti said.

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